

---

SENATE BILL 5118

---

State of Washington

58th Legislature

2003 Regular Session

By Senators Prentice, Winsley, Reardon, Schmidt, Esser, Zarelli and Keiser

Read first time 01/15/2003. Referred to Committee on Financial Services, Insurance & Housing.

1 AN ACT Relating to the mortgage lending fraud prosecution account;  
2 adding a new section to chapter 36.22 RCW; and adding a new section to  
3 chapter 43.320 RCW.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 36.22 RCW  
6 to read as follows:

7 (1) Except as provided in subsection (2) of this section, a  
8 surcharge of two dollars shall be charged by the county auditor at the  
9 time of recording of each residential first mortgage deed of trust,  
10 which will be in addition to any other charge authorized by law. The  
11 auditor may retain up to five percent of the funds collected to  
12 administer collection. The remaining funds shall be transmitted  
13 monthly to the state treasurer who will deposit the funds into the  
14 mortgage lending fraud prosecution account created in section 2 of this  
15 act. The department of financial institutions is responsible for the  
16 distribution of the funds in the account and shall, in consultation  
17 with the attorney general and local prosecutors, develop guidelines for  
18 the use of these funds to enhance the capacity of the department to  
19 pursue fraudulent activities within the mortgage lending process, the

1 attorney general, and local police and prosecutors to deter,  
2 investigate, and prosecute mortgage lending fraud crimes upon  
3 complaints from consumers.

4 (2) The surcharge imposed in this section does not apply to  
5 assignments or substitutions of previously recorded deeds of trust.

6 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.320 RCW  
7 to read as follows:

8 The mortgage lending fraud prosecution account is created in the  
9 custody of the state treasurer. All receipts from the surcharge  
10 imposed in section 1 of this act, except those retained by the county  
11 auditor for administration, must be deposited into the account. Except  
12 as otherwise provided in this section, expenditures from the account  
13 may be used only for deterring, investigating, and prosecuting mortgage  
14 lending fraud crimes. Only the director of the department of financial  
15 institutions or the director's designee may authorize expenditures from  
16 the account. The director shall transfer all deposits into the account  
17 that exceed seven hundred thousand dollars during any fiscal year to  
18 the Washington housing trust fund. The account is subject to allotment  
19 procedures under chapter 43.88 RCW, but an appropriation is not  
20 required for expenditures.

--- END ---